

Message Text

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ACTION SS-14

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ECONOMIC SITREP NO. 6, MONDAY, NOVEMBER 8

REF: ROME 18143

1. SUMMARY. COMMUNIST AND SOCIALIST ECONOMIC SPOKESMEN MET AND FOUND SOME ECONOMIC POINTS IN COMMON. A FOUR-POINT INCREASE OF THE WAGE INDEXATION ESCALATOR ANNOUNCED NOVEMBER 6 AND FEDERATION OF LARGE INDUSTRIES (CONFIDUSTRIA) ASKS IF DECREE LAW AUTHORIZING PARTIAL FREEZE APPLIES TO THIS INCREASE. PUBLIC EMPLOYEE CONTRACT NEGOTIATIONS IN STATE OF FLUX AS GOVERNMENT CLAIMS NO MONEY FOR WAGE INCREASES. FOREIGN EXCHANGE MARKET TRANQUIL. END SUMMARY.

2. SOME POINTS IN COMMON. COMMUNIST (PCI) AND SOCIALIST (PSI) ECONOMIC SPOKESMEN MET LAST WEEK TO REVIEW GROUNDS FOR POSSIBLE POINT IN COMMON ON ECONOMIC MEASURES NEEDED. WHILE IT OBVIOUS THERE WAS NO INTENTION TO PUT TOGETHER A COMMON APPROACH, PRESS EMPHASIZED THAT SOME POINTS OF AGREEMENT IN FACT DID EXIST; E.G., SOME FORM OF PROPERTY TAX WAS ACCEPTABLE AND SOME REDUCTION IN THE COST TO BUSINESS OF EMPLOYEE SOCIAL INSURANCE WAS NEEDED.

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3. PUBLIC SERVII CONTRACTS AT IMPASSE. THE GOVERNMENT

HAS TOLD THE UNIONS THAT, IN EFFECT, NO PAY INCREASES ARE POSSIBLE AT THIS TIME. CONSEQUENTLY, A SERIES OF 24-HOUR STRIKES HAS BEEN CALLED. THE CISL NATIONAL SECRETARY HAS PROPOSED THAT IF PUBLIC SERVICE EMPLOYEES ARE TO RECEIVE NO INCREASES, ALL PLANT-LEVEL WAGE NEGOTIATIONS IN PRIVATE INDUSTRY BE SUSPENDED. THIS PROPOSAL HAS MET WITH DETERMINED OPPOSITION FROM BOTH THE INDUSTRIAL UNIONS AND THE EMPLOYERS, THE LATTER FEELING THAT SUCH ACTION WOULD ONLY SERVE TO CREATE MAJOR LABOR UNREST.

4. A FOUR POINT JUMP IN WAGE INDEXATION ESCALATOR. THE FOUR-POINT INCREASE IN WAGE INDEXATION ESCALATOR WAS CONFIRMED ON NOVEMBER 6. THE TOTAL COST TO THE ECONOMY IS 295 BILLION LIRE PER POINT (THIS CORRECTS STATEMENT IN SITREP 5 WHICH TOTALLED COST TO ECONOMY IN 1976 AT 395 BILLION). REPORTS INDICATE THAT CONFINDUSTRIA HAS REQUESTED THAT THE GOVERNMENT CLARIFY WHETHER THE OCTOBER DECREE LAW PARTIALLY FREEZING THE WAGE INDEXATION ESCALATOR WILL APPLY TO THIS JUMP.

5. FOREIGN EXCHANGE MARKET. MONDAY, NOVEMBER 8 LIRA DELINED A BIT IN QUIET TRADING TO 865.425 PER DOLLAR COMPARED TO 865.450 ON FRIDAY, NOVEMBER 6. VOLUME OF TRADING CONTINUES UNDER SURTAX REGIME AT BELOW NORMAL LEVELS. VOLPE

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